Assembly Water, Parks & Wildlife Committee Hearing
January 31, 2006

Governor's Strategic Growth Plan

Flood Protection and
Clean, Safe, Reliable Water Supply
Bond and Financing Acts of 2006 and 2010

presentation by:
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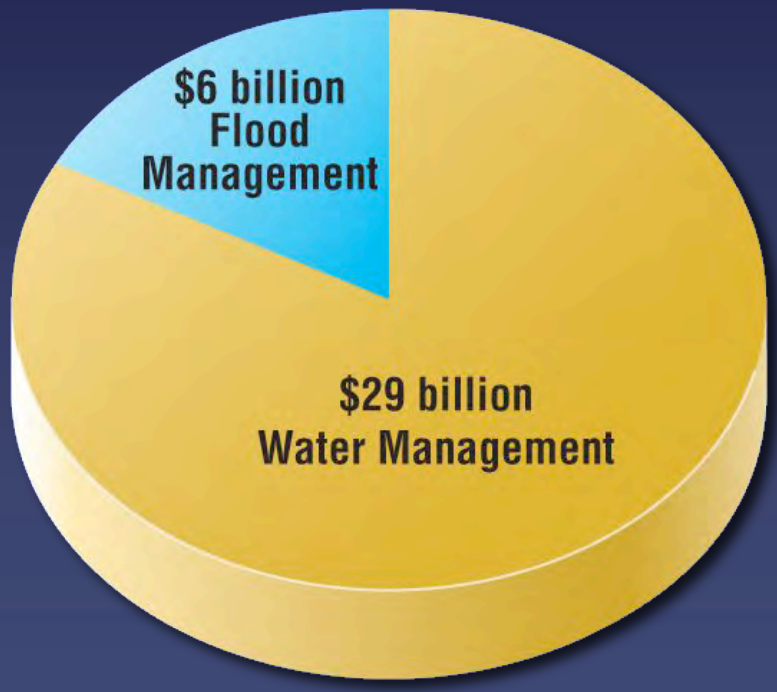
Department of Water Resources

Building California's Water Future

- Governor's Strategic Growth plan will invest $35 billion over 10 years
- Responding to population growth and need for a sustained investment strategy

Building California's Water Future



Governor's Strategic Growth Plan will invest:

- $6 billion in Flood Management
- $29 billion in Water Management

Building California's Water Future

- California has specific plans for water quality, water supply, and flood protection
- The Governor's Strategic Growth Plan provides the investment strategy to carry out these plans

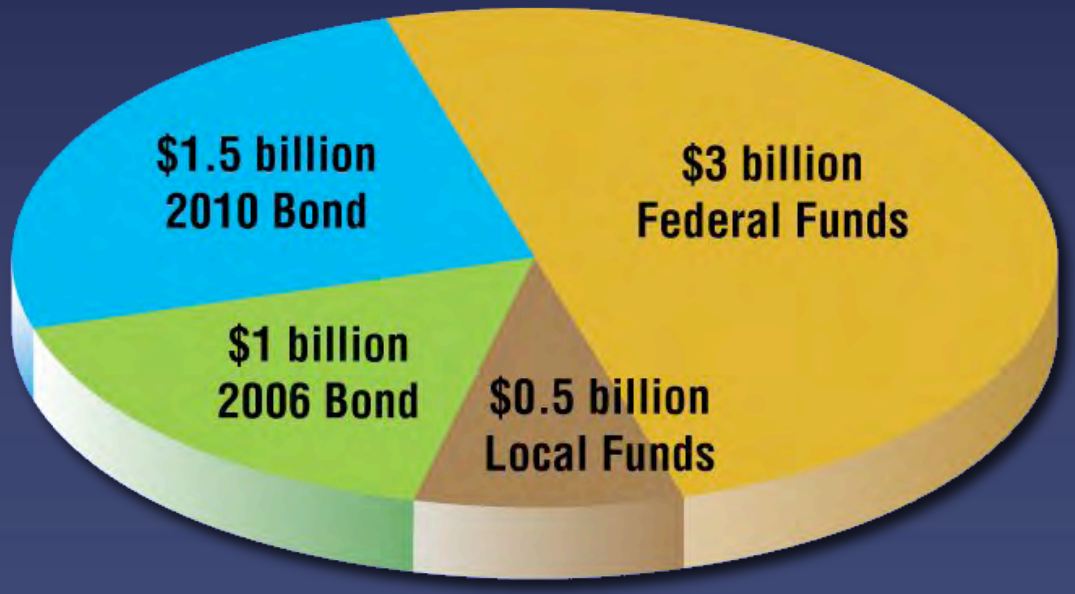
Building California's Water Future

Elements of the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Acts of 2006 and 2010 (SB 1166, AB 1839):

- Flood Protection and Water Supply Bond in 2006
- Flood Protection and Water Supply Bond in 2010
- Establishment of a California Water Resources Investment Fund

Flood Management Investments

- Bond funds will leverage other flood investments to total $6 billion over 10 years



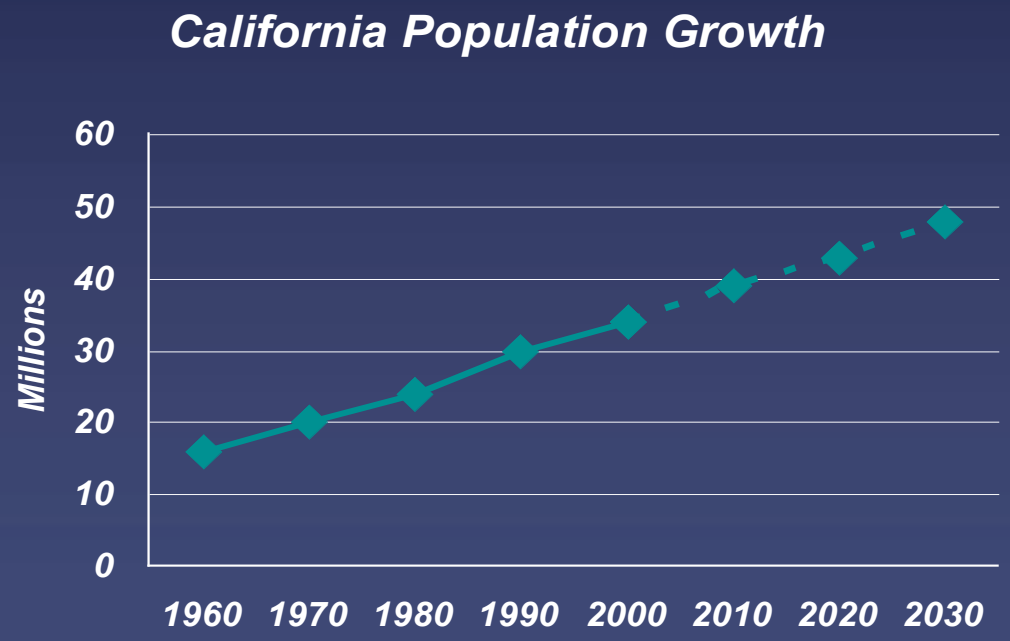
Water Management Investments

- Bond funds will leverage other water management investments to total $29 billion over 10 years

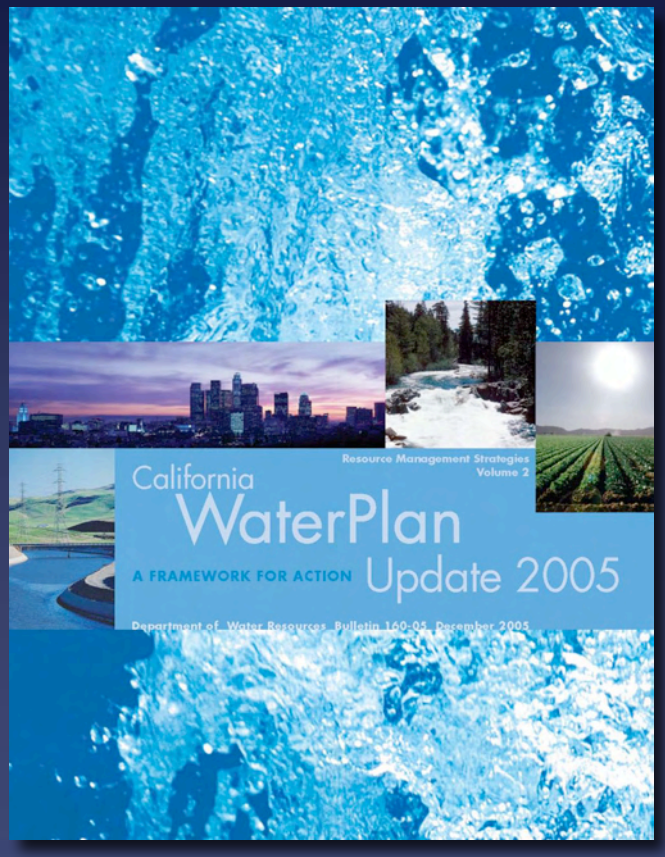
Water Management

Future Water Challenges

- Provide for new water needs (primarily in urban sector due to population growth)
- Protect and improve water quality
- Improve reliability and sustainability of water supplies for all beneficial uses



California Water Plan

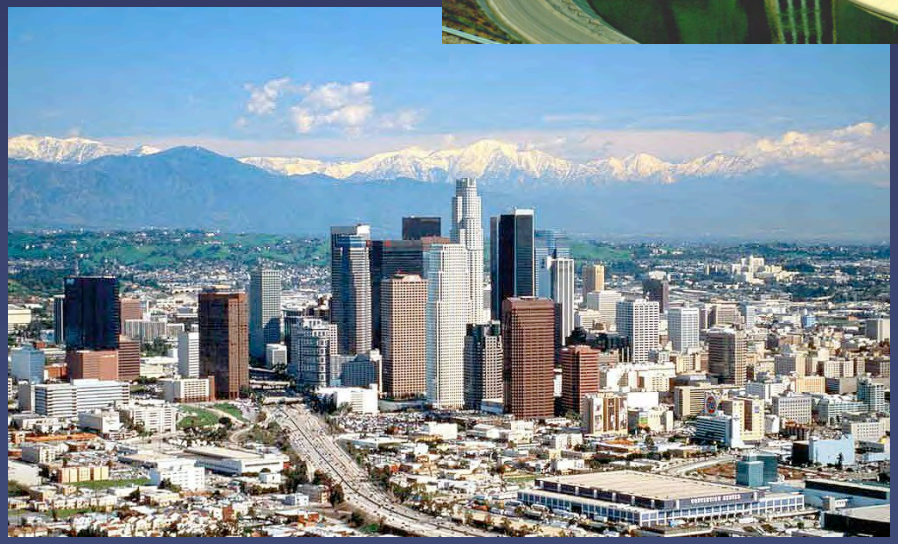


Key Initiatives:

- Integrated Regional Water Management
- Statewide Water Management

California Water Plan Approach

- Maintain existing statewide and interregional systems to provide base supplies
- Promote new regional solutions to provide for future needs:
  - Reduce Water Demand
  - Improve Operational Efficiency & Transfers
  - Increase Water Supply
  - Improve Water Quality
  - Practice Resource Stewardship



Governor's Strategic Growth Plan
$29 Billion over 10 years

- Bonds and WRIF provide stable funding for
  - Regional Investments
  - Statewide Investments
- Bond financing jump starts investments ($6.5 billion)
- WRIF provides continuous and sustained investments (about $5 billion)
- Bonds and WRIF create incentive for other local investments and provide cost share to obtain federal matching funds (about $17.5 billion)

Regional Program
Bond and WRIF Funding

- $5.5 billion over 10 Years
- Promotes investments in regional projects that local agencies cannot implement individually
- Creates incentive for long term investment strategy
- Provides for proactive rather than reactive investments
- Promotes regional partnerships that provide efficient investment and reduce conflict
- Allows regional prioritization of investments

Proposed Funding Regions

Regional Strategies Eligible for Funding

Reduce Water Demand

- Agricultural Water Use Efficiency
- Urban Water Use Efficiency

Improve Operational Efficiency and Transfers

- Conveyance
- System Reoperation
- Water Transfers

Increase Water Supply

- Conjunctive Management and Groundwater Storage
- Desalination – Brackish and Seawater
- Precipitation Enhancement
- Recycled Municipal Water
- Surface Storage – CALFED
- Surface Storage – Regional/Local

Improve Water Quality

- Drinking Water Treatment and Distribution
- Groundwater/Aquifer Remediation
- Matching Quality to Use
- Pollution Prevention
- Urban Runoff Management

Practice Resource Stewardship

- Agricultural Lands Stewardship
- Economic Incentives (Loans, Grants, and Water Pricing)
- Ecosystem Restoration
- Floodplain Management
- Recharge Areas Protection
- Urban Land Use Management
- Water-Dependent Recreation
- Watershed Management

Integrated Regional Water Management

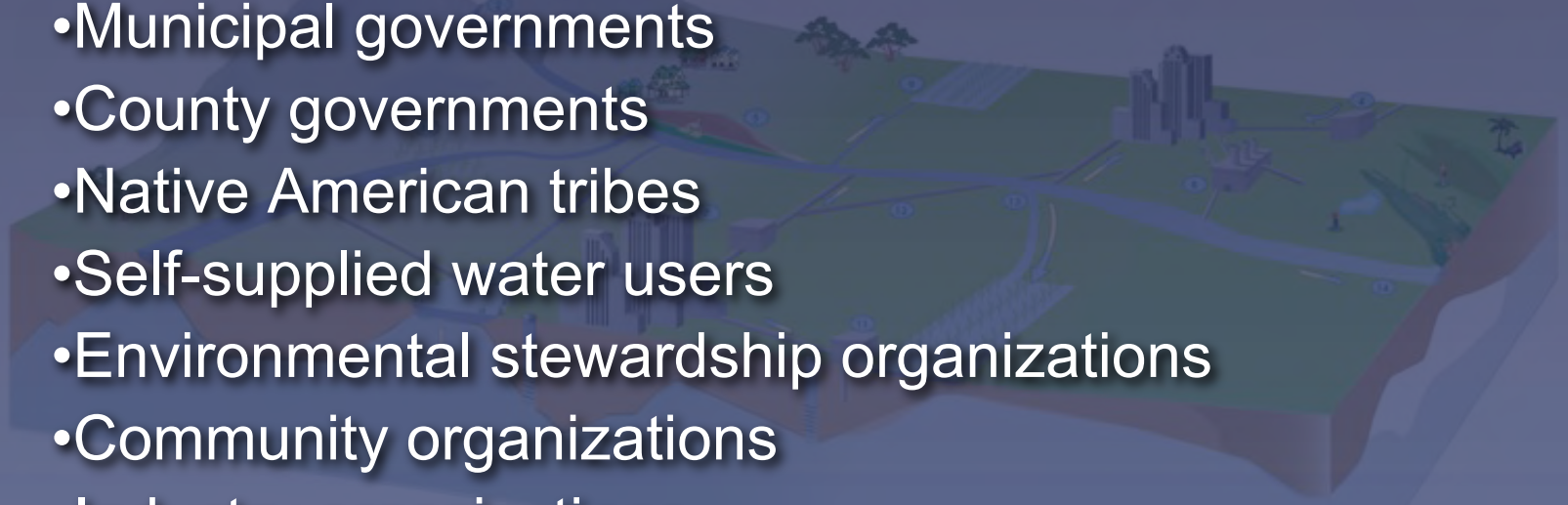
Aspects of Integration

- Water quality and quantity
- Demand management and supply enhancement
- All beneficial water uses
- Upstream, downstream, and instream effects
- Management of other resources
  (land use, energy, transportation, etc.)
- Broad societal costs and benefits

Integrated Regional Water Management

Participants

- Wholesale and retail water purveyors
- Wastewater agencies
- Flood control agencies
- Municipal governments
- County governments
- Native American tribes
- Self-supplied water users
- Environmental stewardship organizations
- Community organizations
- Industry organizations
- State, federal, and regional agencies or universities

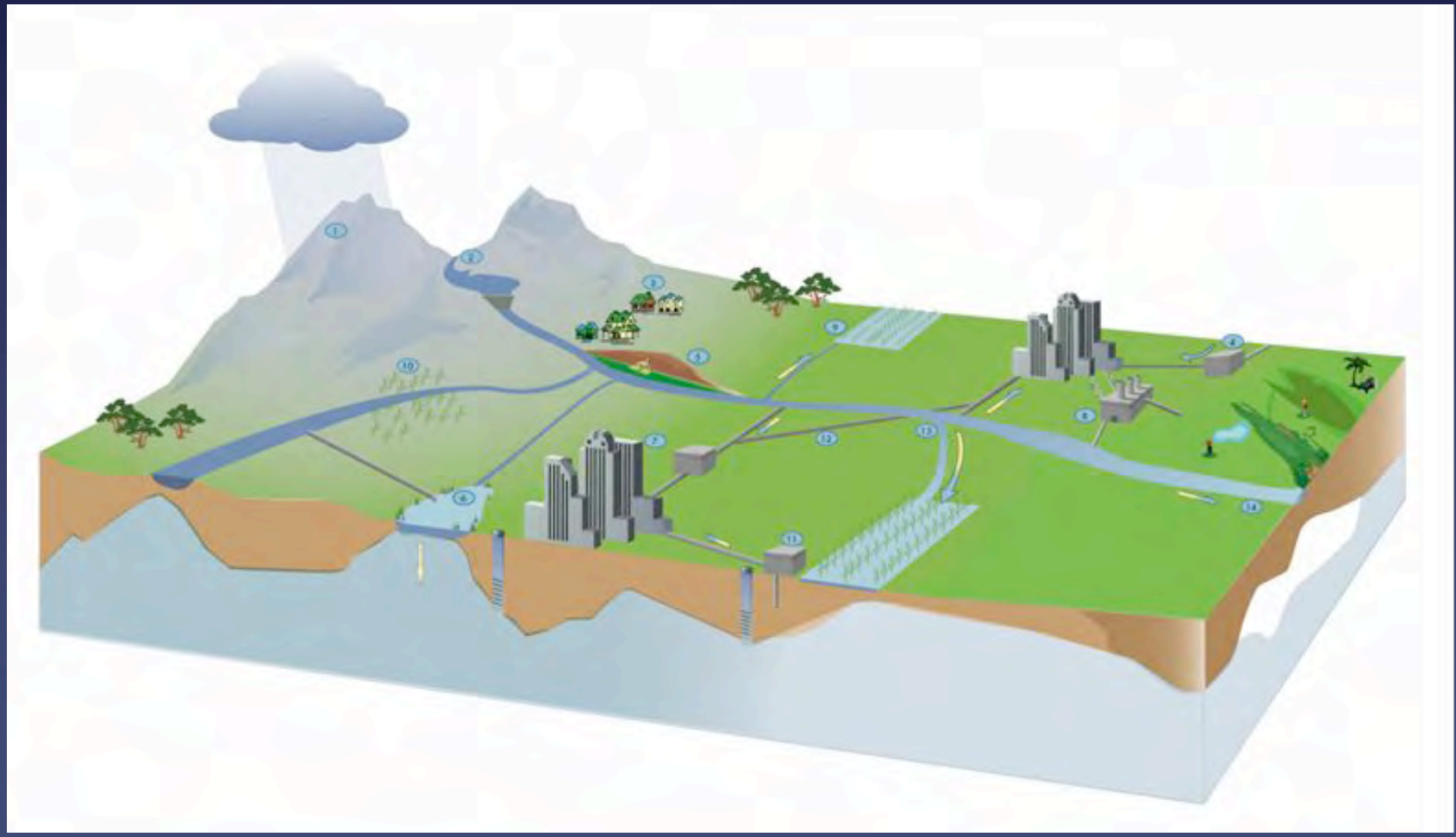


Integrated Regional Water Management

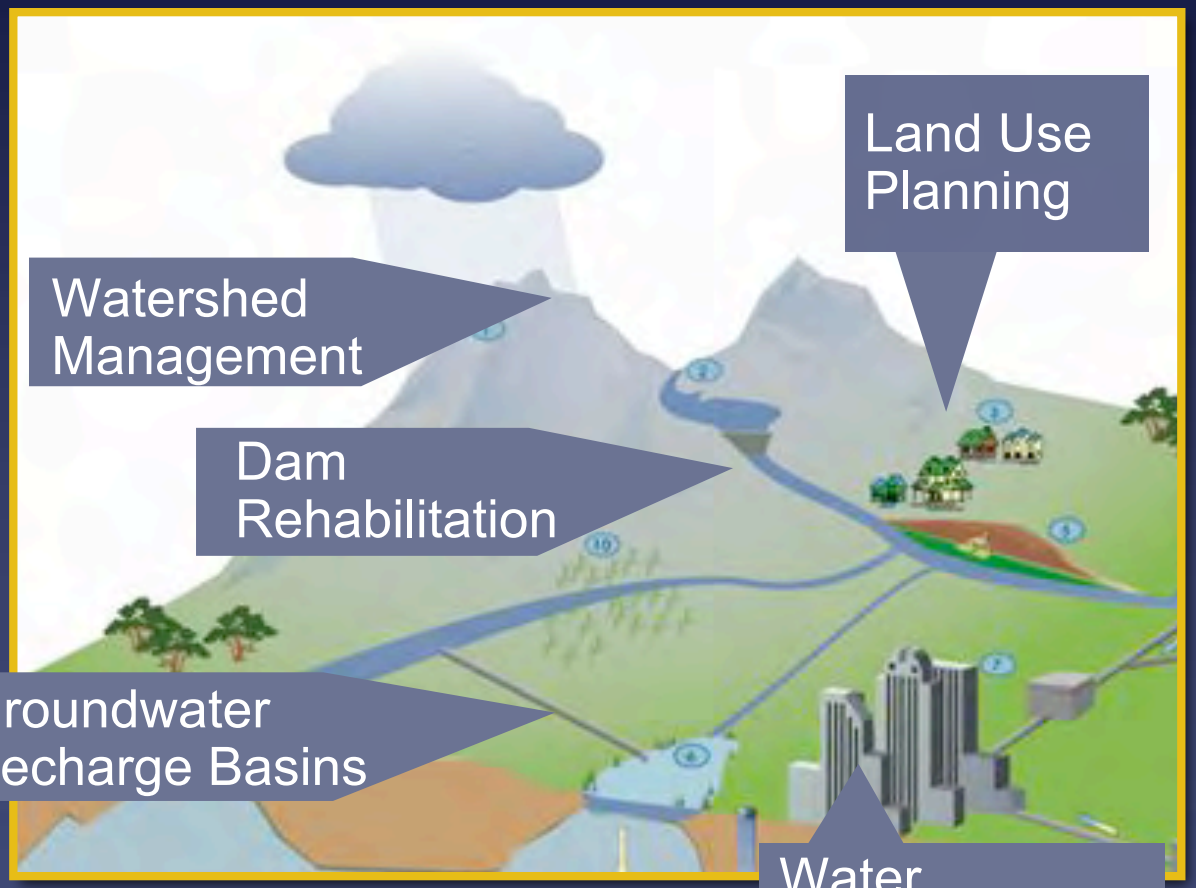
Objectives

- Address regional issues with approaches that cannot be implemented by individual entities
- Provide the most cost effective water management alternatives
- Build on local planning efforts and leverage investments in existing infrastructure
- Meet the needs of individual participants
- Resolve conflicts between stakeholders
- Plan with a common understanding of conditions and issues
- Integrate water management with land use, energy, and other resource considerations
- Build working relationships that will guide ongoing planning and implementation

Integrated Regional Water Management



Integrated Regional Water Management



Watershed Management
- Reduced Siltation
- Water Quality
- Habitat

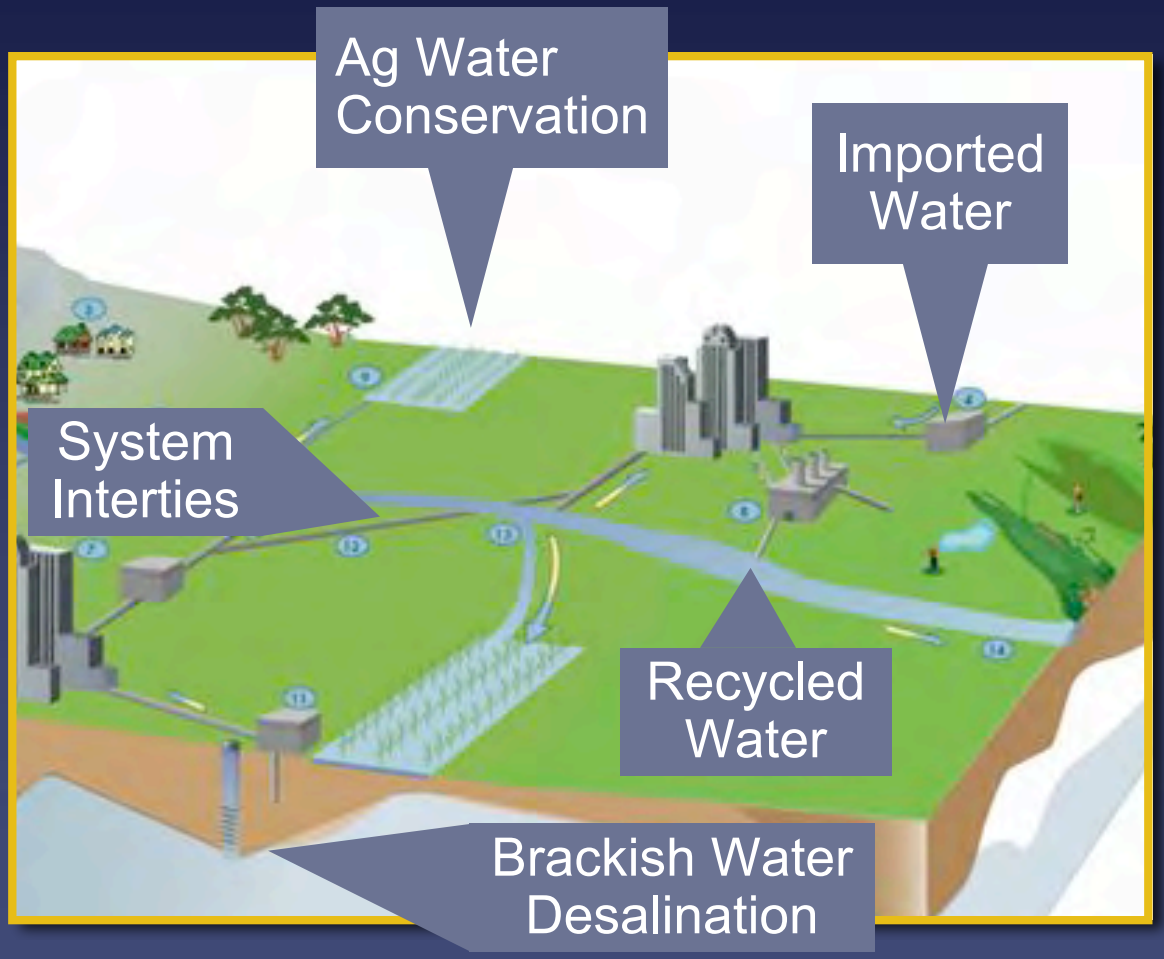
Dam Rehabilitation
- Flood Protection
- Water Supply
- Fish Passage

Land Use Planning
- Protect Groundwater Recharge Areas

Recharge Basins
- Water Supply & Quality
- Pumping Lifts

Water Conservation
- Reduced demand

Integrated Regional Water Management



Ag Water Conservation
- Reduced Demand
- Reduced Ag Runoff

Imported Water
- Reduced Dependence
- Use when available

System Interties
- Mutual Reliability
- Emergency Readiness

Recycled Water
- Water Supply
- Reduced Discharge

Desalination
- Water Supply
- Groundwater Quality

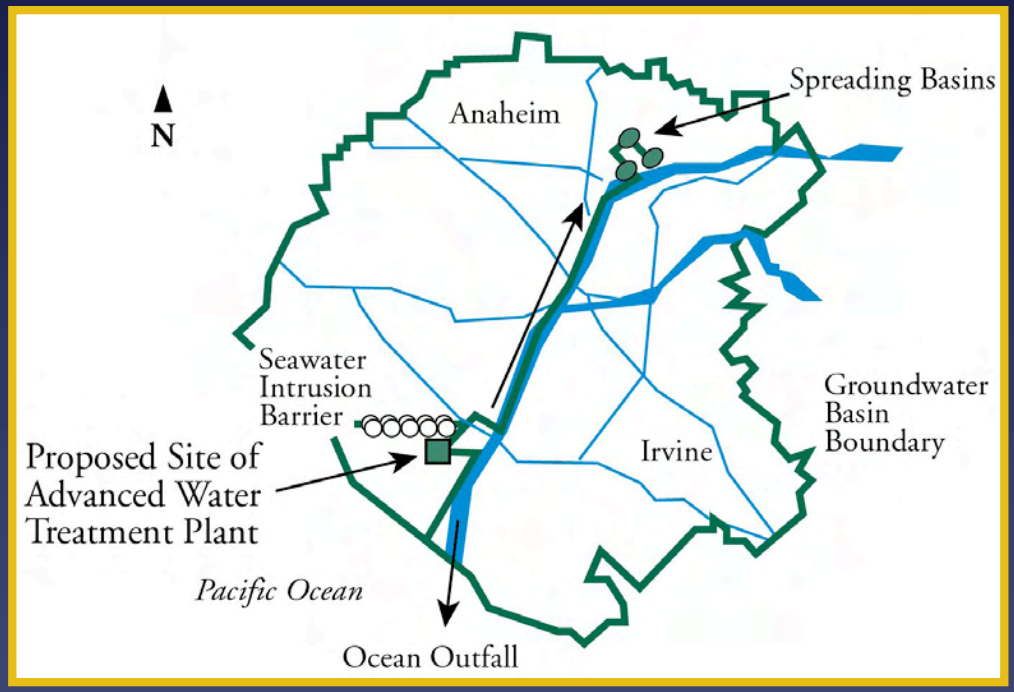
Example: Orange County Groundwater Replenishment System

Major Partners

- OCWD
- OC Sanitation District

Project Benefits

- Provides 72 TAF supply
- Reduces dependence on imported water
- Utilizes investments in existing recharge, pumping and distribution facilities
- Reduces effluent loading to ocean
- Postpones need for new ocean outfall for wastewater
- Enhances GW basin protection from seawater intrusion
- Building block for broader Santa Ana Regional Plan



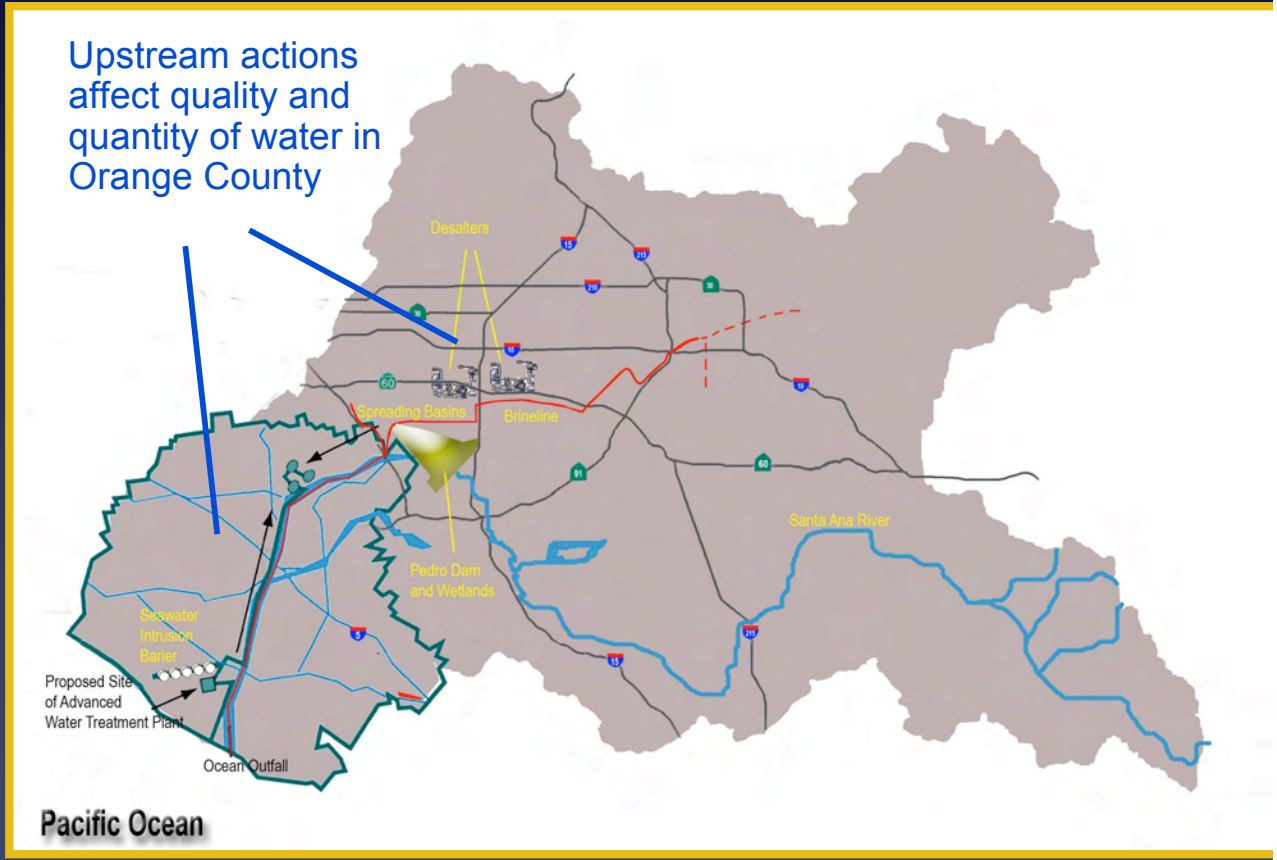
Example: Santa Ana Watershed Project

Major Partners

SAWPA, Orange Co WD, Eastern MWD, San Bernardino Valley MWD, Western MWD, Inland Empire UA

Current Projects

- Water Quality
- Groundwater recharge
- Brine line
- Additional use of recycled water



Proposed Projects

- Water supply, recycling, water quality, flood protection
- Reduce dependence on imported water
- Improve flood protection
- Improve water quality

Example: Sacramento Metropolitan Area

Major Partners

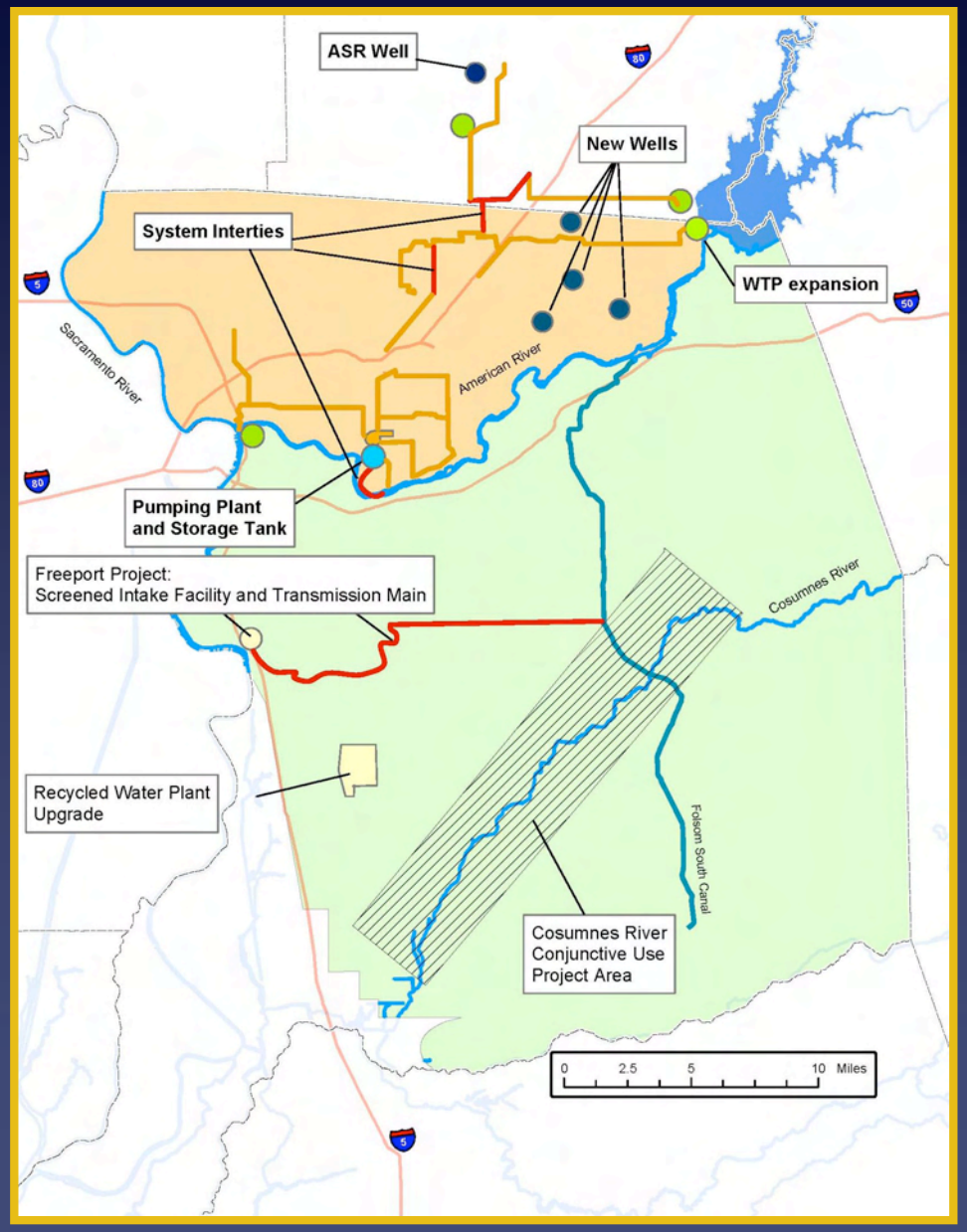
Cities, Sacramento County, Water Districts, EBMUD, The Nature Conservancy

Current Projects

- Surface water treatment & distribution
- Increased groundwater extraction capacity
- 20,000 AF/yr water supply
- $22 million Prop 13 funding

Proposed Projects

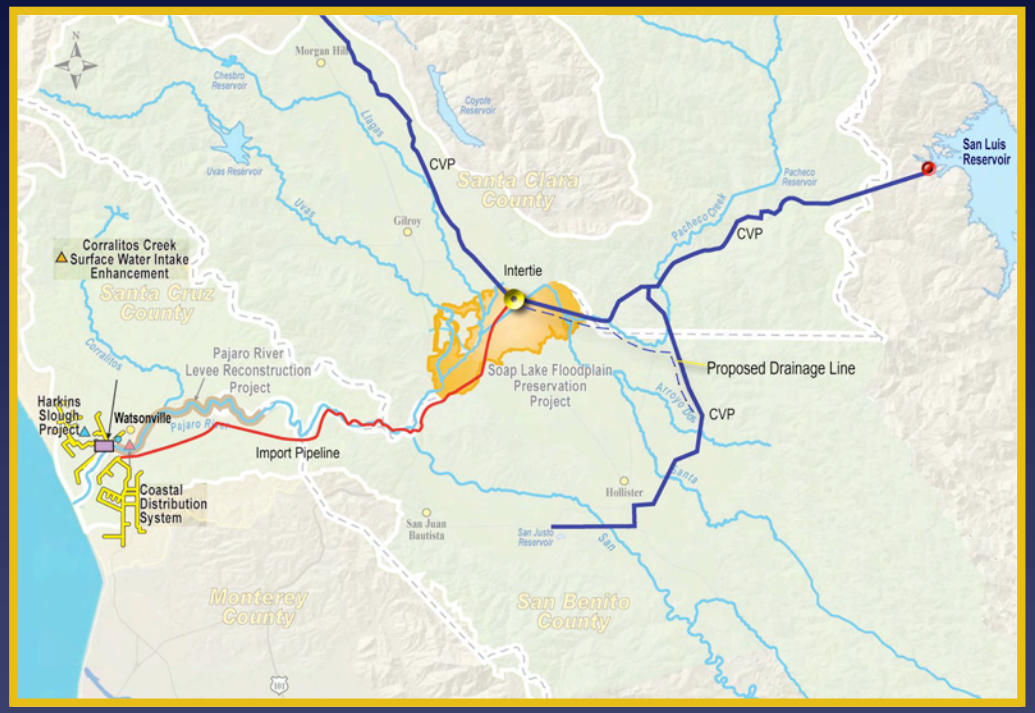
- Freeport Project
- Recycled water expansion
- Consumnes River fisheries and groundwater recharge



Example: Pajaro Valley

Major Partners

Pajaro Valley WMA, Santa Clara Valley WD, San Benito County WD, City of Watsonville



Current Projects

- Coastal distribution system to reduce seawater intrusion
- Recycled water and imported supplies
- Groundwater pumping management
- $21 million Prop 13 grant funding

Proposed Projects

- Intertie with SCVWD and San Benito
- Drainage line for high groundwater in San Benito
- Local surface water enhancements
- Flood control improvements

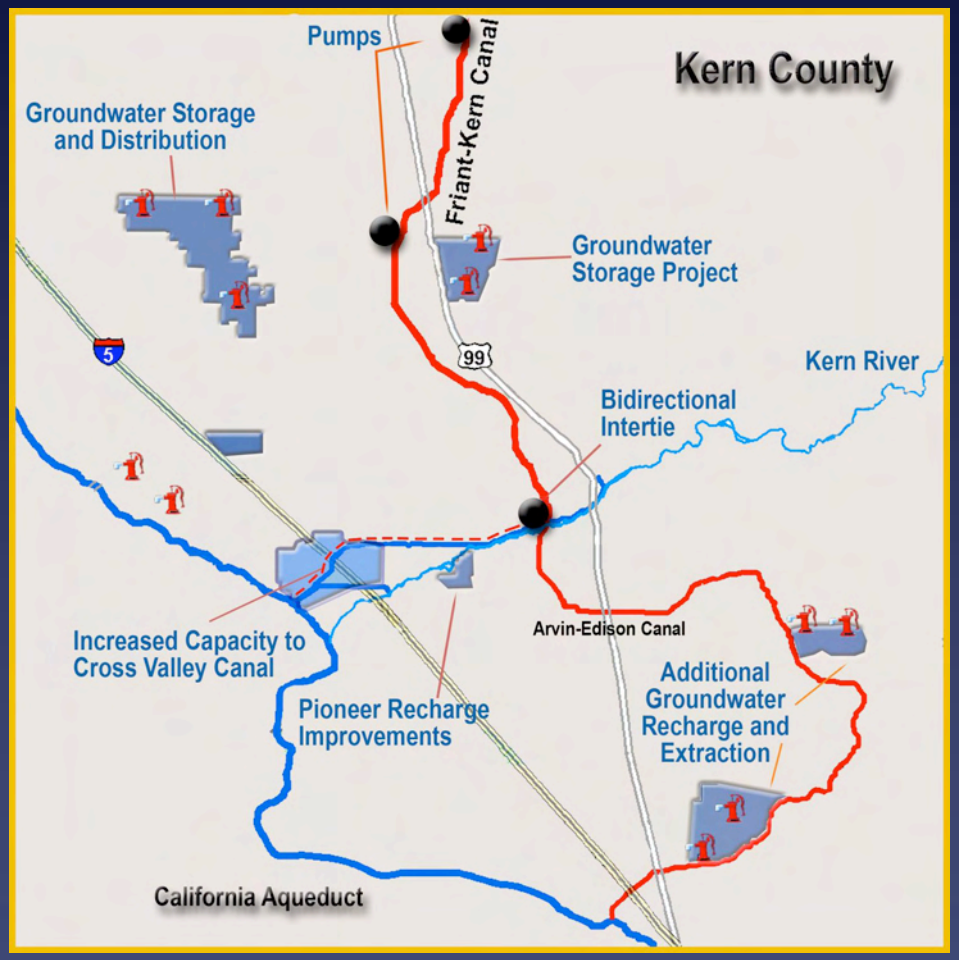
Example: Kern County

Major Partners

KCWA, Arvin-Edison WSD, Buena Vista WSD, Cawelo WD, Semitropic WSD, North Kern WSD, & Kern Water Bank Authority

Current Projects

- Increase recharge and extraction capacity
- Cross Valley Canal enlargement
- CVC – Friant-Kern Canal intertie
- Pumping Plants for 2-way Friant-Kern Canal
- $46 million Prop 13 funding
- Integrates all surface supplies
- Improves dry-year yield
- Additional water supply



Prop 50 IRWM Program

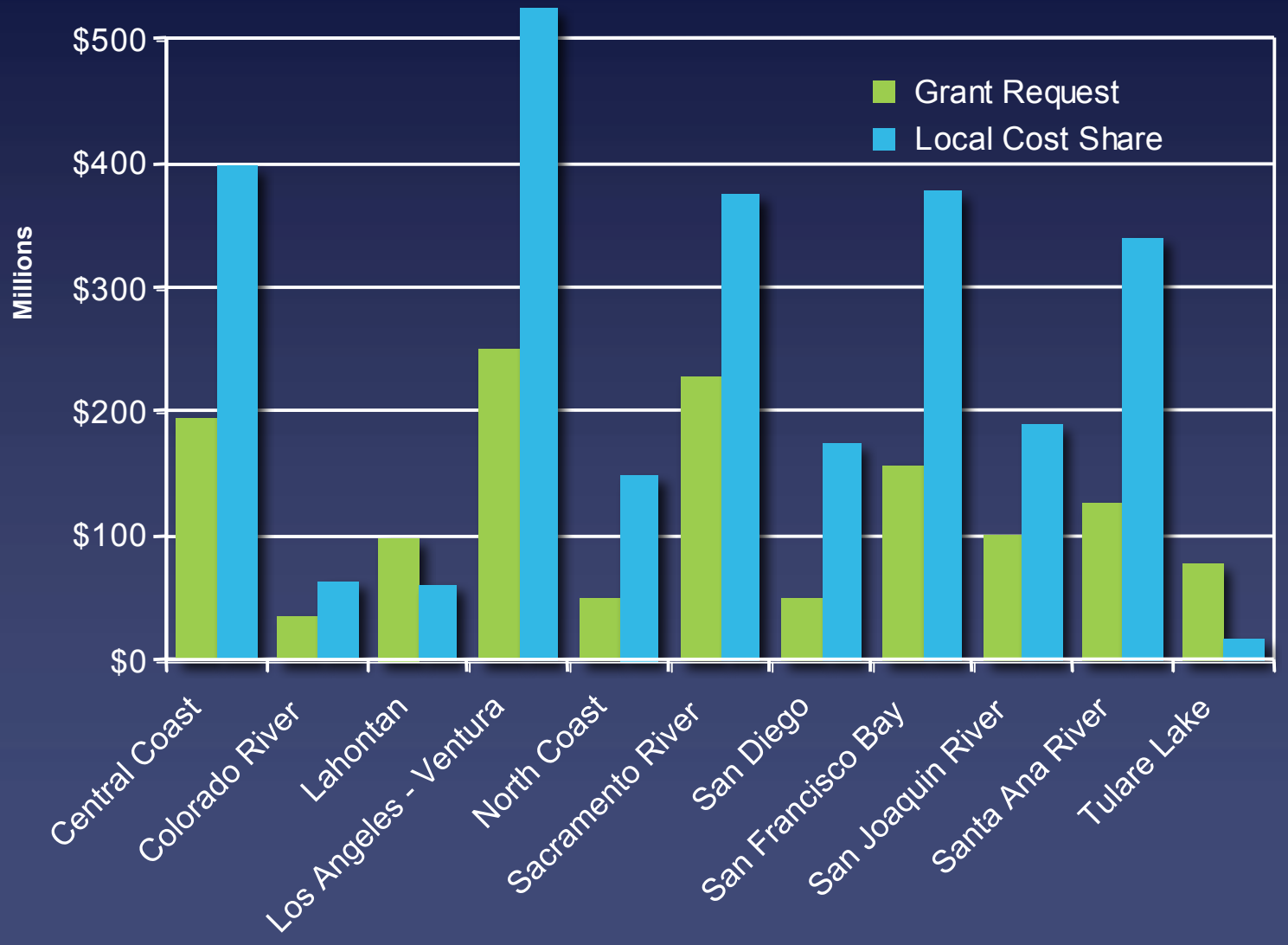
Generating Statewide Interest

Current Grant Cycle

- $150 million available
- $1.4 billion requested
- Local cost share $2.5 billion +
- 50 proposals, 400+ projects
- Program has resulted in
  - new working relationships
  - broader geographic planning areas
  - prioritization after intense reconsideration of needs
- Guidelines had broad public input, will serve as starting point for proposed regulations

Prop 50 IRWM Program

Promoting Local Investment



Statewide Program
Bond and WRIF Funding

- Pools funding to promote better state agency coordination
- Leverages federal funds and backstops regional investments
- Develops new technologies and improves planning for emerging challenges such as climate change
- Provides funding to implement new storage proposals

Statewide Program
Bond Funding* ($millions)

	2006 Bond	2010 Bond	Total
Water Quality	$250	$500	$750
Storage	$250	$1,000	$1,250
New Technology and Science	$300	$500	$800
Resource Stewardship	$200	$500	$700

* *Statewide WRIF funding will supplement priority regional projects and these bond funded programs*

Statewide Program
Water Quality

- $750 million in bond funds*
- Obtain federal match for Safe Drinking Water SRF
- State Water Pollution Control RF
- Remediate groundwater contamination
- Mitigate impacts of runoff and drainage

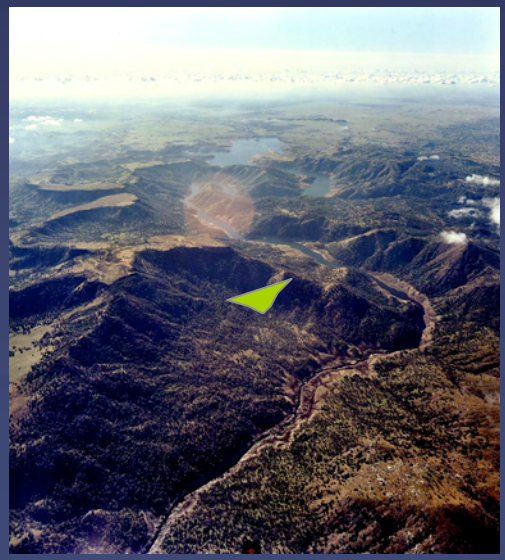
Stringfellow water treatment plant in Glen Avon, California. Part of the Stringfellow Superfund site

**May be supplemented by WRIF funding*

Statewide Program
Storage

- $1.25 billion bond funds*
- Complete planning and provide cost share for public benefits of CALFED surface storage projects
- Construct locally-controlled groundwater storage that provides interregional benefits

Artist's rendering of Sites Reservoir



Possible location of Temperance Flat Dam on the upper San Joaquin River

**May be supplemented by WRIF funding*

Statewide Program
New Technology and Science

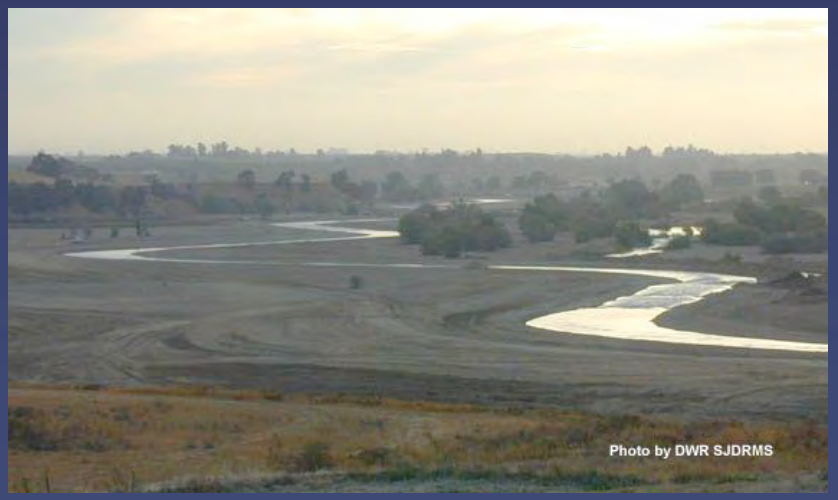
- $800 million in bond funds*
- Advance desalination and water conservation technology
- Construct desalination facilities
- Advance science to improve project implementation
- Prepare for impacts from climate change

Reverse osmosis desalination

**May be supplemented by WRIF funding*

Statewide Program
Resource Stewardship

- $700 million in bond funds*
- Restore ecosystems of statewide significance
- Habitat conservation planning and implementation
- Ag land conservation (e.g. Working Landscapes Program)

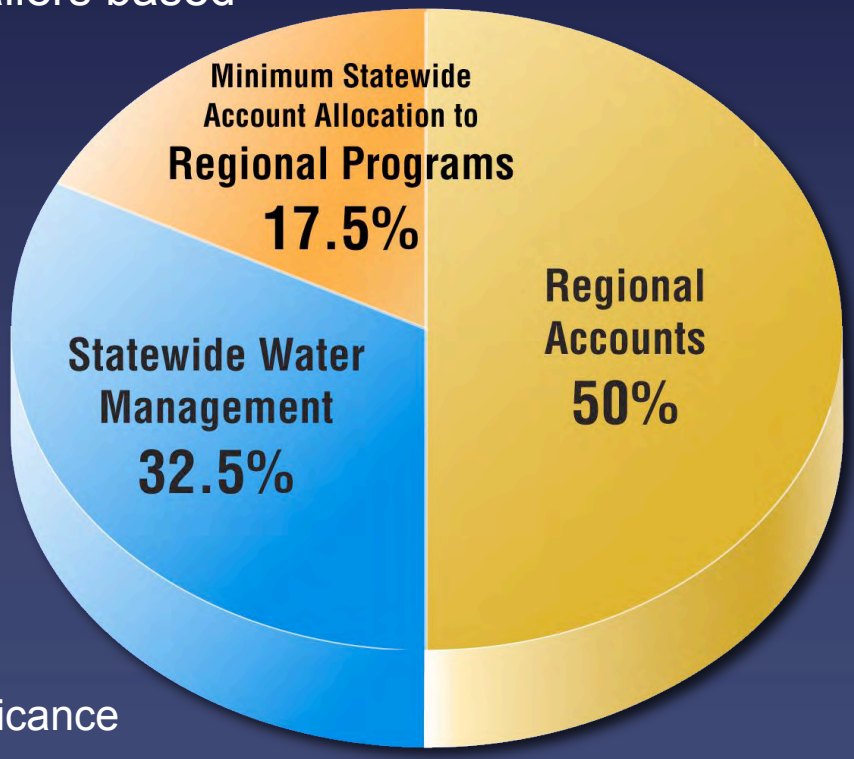


Merced River Salmon Habitat Enhancement Project

**May be supplemented by WRIF funding*

Water Resources Investment Fund

- A new source of sustainable, continuous funding
- Capacity Charge applied to water retailers based on number and types of connections
- One-half of collected funds are deposited in regional accounts:
  - Regional projects
  - Local match for bond funds
- One-half of collected funds are deposited in a statewide account:
  - Obtaining federal matching funds
  - Supporting priority regional projects
  - Emergency funding for remediation of groundwater contamination
  - Water infrastructure of statewide significance
  - Other statewide programs that promote IRWM



Proposed Capacity Charge Schedule by Water User Type

Water User Type	Monthly Charge per Water Connection
Customers on lifeline billing	$0.00
Single family connections	$3.00
Multiple family connections	$10.00
Commercial	$5.00
Industrial	$10.00
Agricultural; less than 10 acres	$3.00
Agricultural; 10 to 180 acres	$6.00
Agricultural; greater than 180 acres	$10.00

This is the schedule used to calculate water suppliers' capacity charges. Local suppliers will decide how to apportion the fee to their residential, commercial, and agricultural customers.

Estimated First Year Regional Capacity Charge Collections

Funding Region	Estimate of Fees Collected ($ million)
Central Coast	$18
Colorado River	$8
Lahontan	$9
Los Angles - Ventura	$102
North Coast	$10
Sacramento River	$36
San Diego Area	$36
San Francisco Bay	$67
San Joaquin River	$23
Santa Ana River	$48
Tulare Lake	$23
TOTAL	**$380**

Sound Investments in Water Management

- Sustained investment approach
- Match specific plans for water quality, water supply and flood protection improvements with investment strategy
- Largest investment in state history to maintain and improve flood and water management programs

Three components of state investment:

- Bonds
- Water Resources Investment Funds
- State Budget Increase

In Addition, Legislative Initiatives (e.g. AB 1665) will Complement these Investments